

139.789 Requirements for states entering into agreement.

The department shall not enter into the agreement unless the agreement requires each state to abide by the following requirements:

- (1) The agreement shall set restrictions to achieve more uniform state rates through the following:
 - (a) Limiting the number of state rates;
 - (b) Limiting the application of maximums on the amount of state tax that is due on a transaction; and
 - (c) Limiting the application of thresholds on the application of state tax.
- (2) The agreement shall establish uniform standards for the following:
 - (a) The sourcing of transactions to taxing jurisdictions;
 - (b) The administration of exempt sales;
 - (c) The allowances a seller can take for bad debts; and
 - (d) Sales and use tax returns and remittances.
- (3) The agreement shall require states to develop and adopt uniform definitions of sales and use tax terms. The definitions shall enable a state to preserve its ability to make policy choices not inconsistent with the uniform definitions.
- (4) The agreement shall provide a central, electronic registration system that allows a seller to register to collect and remit sales and use taxes for all signatory states.
- (5) The agreement shall provide that registration with the central registration system and the collection of sales and use taxes in the signatory state will not be used as a factor in determining whether the seller has nexus with a state for any tax.
- (6) The agreement shall provide for a reduction of the burdens of complying with local sales and use taxes through the following:
 - (a) Restricting variances between the state and local tax bases;
 - (b) Requiring states to administer any sales and use taxes levied by local jurisdictions within the state so that sellers collecting and remitting these taxes will not have to register or file returns with, remit funds to, or be subject to independent audits from local taxing jurisdictions;
 - (c) Restricting the frequency of changes in the local sales and use tax rates and setting effective dates for the application of local jurisdictional boundary changes to local sales and use taxes; and
 - (d) Providing notice of changes in local sales and use tax rates and of changes in the boundaries of local taxing jurisdictions.
- (7) The agreement shall outline any monetary allowances that are to be provided by the states to sellers or certified service providers.
- (8) The agreement shall require each state to certify compliance with the terms of the agreement prior to joining and to maintain compliance under the laws of the member state, with all provisions of the agreement while a member.

- (9) The agreement shall require each state to adopt a uniform policy for certified service providers that protects the privacy of consumers and maintains the confidentiality of tax information.
- (10) The agreement shall provide for the appointment of an advisory council of private sector representatives and an advisory council of non-member state representatives to consult with in the administration of the agreement.

Effective: June 20, 2005

History: Amended 2005 Ky. Acts ch. 85, sec. 449, effective June 20, 2005. -- Created 2001 Ky. Acts ch. 6, sec. 6, effective June 21, 2001.